

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 201 – SB 315

March 9, 2015

SUMMARY OF ORIGINAL BILL: Prohibits any transfer of funds from the Motorcycle Rider Safety Fund after July 1, 2014.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – This bill will prevent a shift for an unknown amount of funds from the Motorcycle Rider Safety Fund (MRSF) to any other state fund including the General Fund. To the extent any such funds would shift from the MRSF under current law, there will be an unknown increase in funding available for purposes consistent with the MRSF as a result of this bill. To the extent additional funding was required for the purposes of closing out a fiscal year, a transfer of an unknown amount would be required from another state fund in lieu of any transfer that would have occurred from the MRSF.

SUMMARY OF AMENDMENT (002072): Deletes all language of the original bill. Prohibits, after July 1, 2014, any transfer of funds from the Motorcycle Rider Safety Fund (MRSF) to the General Fund to exceed any amount that would fail to maintain the required reserve in the MRSF pursuant to Tenn. Code Ann. § 55-51-104(e). Requires no less than twice the average annual operating budget to be maintained as a reserve in MRSF. Requires, if the reserve is less than the required threshold amount on June 30, 2015, all monies exceeding the annual operating budget thereafter to be deposited into the reserve until such amount equals a minimum of twice the average amount budgeted in the previous five fiscal years for administration and expenses relating to the motorcycle rider education program.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – This bill as amended will prevent a transfer of funds from the Motorcycle Rider Safety Fund (MRSF) to the General Fund, if such transfer would result in the total amount of funds remaining in the MRSF to be less than the required reserve (i.e. at least twice the average annual operating budget for the Motorcycle Rider Education Program). To the extent this proposed restriction prevents some amount of funds from being transferred from the MRSF, as compared to current law, additional funding may be required to be transferred from another state fund for the purposes of closing out a fiscal year.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 4-3-1016(a), the Commissioner of Finance and Administration (F&A) has the authority to transfer funds from the MRSF to the General Fund.
- Based on information provided by F&A, MRSF had a balance of approximately \$354,400 on June 30, 2014.
- The amended bill would require the MRSF balance to be maintained at a level that is at least twice the average operating expenses for the previous five years, before any transfer of funds from MRSF to the General Fund could be made.
- Based on the information received by F&A, the average annual operational expense for the last five years is \$430,200, and as a result the fund balance would have to be maintained at approximately \$860,400 (\$430,200 x 200%).
- F&A reports that this bill as amended would reduce the funds available in future years to transfer to the General Fund in the event additional funds were required to meet a revenue shortfall.
- Any decrease in administrative expenses associated with not making such transfer is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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